



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/936,882	02/21/2002	Ken Kutaragi	450126-04025	2953

7590 10/25/2005

William S. Frommer  
Frommer, Lawrence & Haug LLP  
745 Fifth Avenue  
New York, NY 10151

EXAMINER

POND, ROBERT M

ART UNIT

PAPER NUMBER

3625

DATE MAILED: 10/25/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/936,882

Applicant(s)

KUTARAGI ET AL.

Examiner

Robert M. Pond

Art Unit

3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 22 August 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-52 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-52 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date <u>7/08/2002</u> . | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Response to Amendment***

The Applicant amended independent claims and based arguments on the amended claim language. All pending claims 1-52 were examined in this final office action necessitated by amendment.

### ***Response to Arguments***

#### **Pertaining to Rejection under 35 USC 112**

The Applicant amended claims 1 and 9 to address the rejection. Rejection under 35 USC 112 is withdrawn.

#### **Pertaining to Rejection under 35 USC 101**

The applicant amended claims 46 and 49-52 to address the rejection. Rejection under 35 USC 101 is withdrawn.

#### **Pertaining to Rejection under 35 USC 102**

Applicant's arguments filed 22 August 2005 have been fully considered but they are not persuasive. Freeny discloses pre-manufactured items and an invention designed to reduce the need for inventory (other than blank recording media). Freeny further discloses carrying inventory (e.g. blank recording media) in order to produce a final product after payment is accepted. The Examiner firmly believes that the invention of Freeny can be practiced by the retailer owing

Art Unit: 3625

the Freeny manufacturing terminal by pre-manufacturing music recordings if the retailer desired without destroying the invention of Freeny.

Pertaining to ON1 and ON2

The Applicant did not traverse the examiner's assertion of official notice on the specific merits of the official notice. The common knowledge or well-known in the art statement is taken to be admitted prior art because applicant failed to traverse or adequately traverse the examiner's assertion of official notice (MPEP 2144.03(C)).

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

1. **Claims 1-17, 20-24, 34-37, 40-43, and 46 are rejected under 35 USC 103(a) as being unpatentable over Freeny, Jr. (Paper #20050215, US 4,528,643 hereinafter referred to as "Freeny") in view of Official Notice (regarding old and well-known in the arts, hereinafter referred to as "ON3").**

Freeny teaches a computer-implemented method for managing the sale of an article from a product distributor (see at least abstract; Fig. 1(12, 14, 18, 20); col. 1, line 5 through col. 4, line 19). Freeny further teaches:

- receiving payment corresponding to a selling price for the article, the payment being received by a distributor of the article from a buyer of the article: (see at least col. 13, lines 25-48).
- determining a royalty due to a licensor of the article, based on the selling price of the article; transmitting, from the licensee to the licensor, payment corresponding to the royalty, upon a sale the article to the customer:

owner of recordings pay recording artists (please note: content creators)

and songwriters (please note: content creators) in connection with sale

(please note examiner's interpretation: determining and paying a royalty to

licensors who create the content) (see at least col. 15, lines 12-23); distributor (please note: information control computer) transmits digital content to retailer (please note: a manufacturer); retailer pays for recording sold (please note examiner's interpretation: paying amount due to format holder who pays licensor) (see at least Fig. 1(12, 14); col. 4, line 35 through col. 13, line 24; col. 14, lines 56-68; col. 15, lines 12-23); remote manufacturing system (e.g. retailer) pays the information control machine (e.g. distributor, publisher) which credits royalty payments (see at least col. 26, lines 20-25).

- transmitting, from the distributor to a manufacturer of the article, portions of the selling price payment corresponding to a royalty and a licensee margin portion of the selling price, wherein the manufacturer is a licensee of the article: The reference inherently discloses the structure and method that permits the function to be performed. As noted above, the remote manufacturing system (e.g. manufacturer) pays the information control machine (e.g. distributor, publisher) that credits royalty payments to content artists. To make the proper payments, the distributor must communicate to the manufacturer the portions of the selling price due the distributor.
- Digital content: video games, motion pictures, software, books, etc embodied on recordable media (see at least col. 1, lines 5-26; col. 4, lines 35-59).

- Format holder: information control computer as noted above.
- Program product executed on server; recordable medium: (see at least Fig. 1 (26); col. 6, lines 38-52).
- Retail selling price, cost of inventory; economic considerations: retailers inventory blank recordable media (please note examiner's interpretation: there is a predetermined cost associated with blank media owned by a retailer) (see at least col. 14, lines 54-68); retailer loads digital content to blank media and pays for the digital content used (please note examiner's interpretation: subtotal cost at least includes predetermined cost of blank media, predetermined cost of digital content payable to distributor which includes a predetermined royalty to content creators (see at least col. 15, lines 12-23), and predetermined cost of manufacturing process); retailer sells it to a consumer at a predetermined retail price (please note examiner's interpretation: retailer adds margin to at least cover marketing, overhead, and profit) (see at least col. 2, line 62 through col. 3, line 25).
- Product identification codes: identifying content by codes (see at least col.5, lines 1-31).
- Customer terminal: (see at least Fig. 4 (34); col. 26, line 26 through col. 28, line 15).

Freeny teaches all the above as noted under the 103(a) rejection and further teaches a) prior art systems and methods of marketing and selling digital content embodied on recordable media prior to the purchase of the manufactured article

by a consumer, and b) it not being practical to maintain all the available recordings in physical inventory at any given time (please note examiner's interpretation: no mention by Freeny that all manufactured inventory should be eliminated, just that the retailer does not have to have any pre-manufactured inventory other than blank media) (see at least col. 2, line 62 through col. 3, line 3; col. 14, lines 56-68). Freeny, however, does not specifically disclose while practicing the invention of Freeny the article being manufactured prior to the acceptance of the order. The Examiner takes the position that it is old and well known in the art of retailing to provide pre-manufactured items at point-of-sale terminals to increase compulsive sales. One of ordinary skill in the art would ascertain that the invention of Freeny can easily be used by the retailer to pre-manufacture a CD or tape using the same system of Freeny to stock a limited supply of items most commonly requested by consumers prior to consumer purchase. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system and method of Freeny to pre-manufacture items prior to consumer purchase as taught by ON3, in order to increase sales due to compulsive shoppers.

- 2. Claims 18 and 19 are rejected under 35 USC 103(a) as being unpatentable over Freeny (Paper #20050215, US 4,528,643) and ON3 (regarding old and well-known in the arts), as applied to claim 17, further in**



**view of Official Notice (Paper #20050215, admitted prior art regarding well within the skill, hereinafter referred to as "ON1").**

Freeny and ON3 teach all the above as noted under the 103(a) rejection and teach a) mailing purchased material objects to consumers, and b) consumers making purchases at a retail location. The Examiner takes the position this it is well within the skill to ascertain that delivering material objects requires at least a delivery address, means of delivery, and means to record delivery instructions (e.g. requested delivery date) as requested by the consumer. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the method of Freeny and ON3, since it is well within the skill to ascertain delivering a material object purchased by a consumer requires a delivery address, means of delivery, and means to record delivery instructions.

- 3. Claims 25-33 are rejected under 35 USC 103(a) as being unpatentable over Freeny (Paper #20050215, US 4,528,643) in view of ON3 (regarding old and well-known in the arts), further in view of Rembert (Paper #20050215, US 5,101,352).**

Freeny teaches a computer-implemented method for managing the sale of an article from a product distributor (see at least abstract; Fig. 1(12, 14, 18, 20); col. 1, line 5 through col. 4, line 19). Freeny further teaches:

- receiving payment corresponding to a selling price for the article, the payment being received by a distributor of the article from a buyer of the article: (see at least col. 13, lines 25-48).
- determining a royalty due to a licensor of the article, based on the selling price of the article; transmitting, from the licensee to the licensor, payment corresponding to the royalty, upon a sale the article to the customer:  
owner of recordings pay recording artists (please note: content creators) and songwriters (please note: content creators) in connection with sale (please note examiner's interpretation: determining and paying a royalty to licensors who create the content) (see at least col. 15, lines 12-23); distributor (please note: information control computer) transmits digital content to retailer (please note: a manufacturer); retailer pays for recording sold (please note examiner's interpretation: paying amount due to format holder who pays licensor) (see at least Fig. 1(12, 14); col. 4, line 35 through col. 13, line 24; col. 14, lines 56-68; col. 15, lines 12-23); remote manufacturing system (e.g. retailer) pays the information control machine (e.g. distributor, publisher) which credits royalty payments (see at least col. 26, lines 20-25).
- transmitting, from the distributor to a manufacturer of the article, portions of the selling price payment corresponding to a royalty and a licensee margin portion of the selling price, wherein the manufacturer is a licensee of the article: The reference inherently discloses the structure and method

that permits the function to be performed. As noted above, the remote manufacturing system (e.g. manufacturer) pays the information control machine (e.g. distributor, publisher) that credits royalty payments to content artists. To make the proper payments, the distributor must communicate to the manufacturer the portions of the selling price due the distributor.

- Digital content: video games, motion pictures, software, books, etc embodied on recordable media (see at least col. 1, lines 5-26; col. 4, lines 35-59).
- Format holder: information control computer as noted above.
- Program product executed on server; recordable medium: (see at least Fig. 1 (26); col. 6, lines 38-52).
- Retail selling price, cost of inventory; economic considerations: retailers inventory blank recordable media (please note examiner's interpretation: there is a predetermined cost associated with blank media owned by a retailer) (see at least col. 14, lines 54-68); retailer loads digital content to blank media and pays for the digital content used (please note examiner's interpretation: subtotal cost at least includes predetermined cost of blank media, predetermined cost of digital content payable to distributor which includes a predetermined royalty to content creators (see at least col. 15, lines 12-23), and predetermined cost of manufacturing process); retailer sells it to a consumer at a predetermined retail price (please note

Art Unit: 3625

examiner's interpretation: retailer adds margin to at least cover marketing, overhead, and profit) (see at least col. 2, line 62 through col. 3, line 25).

- Product identification codes: identifying content by codes (see at least col.5, lines 1-31).
- Customer terminal: (see at least Fig. 4 (34); col. 26, line 26 through col. 28, line 15).

Freeny teaches all the above as noted under the 103(a) rejection and further teaches a) prior art systems and methods of marketing and selling digital content embodied on recordable media prior to the purchase of the manufactured article by a consumer, and b) it not being practical to maintain all the available recordings in physical inventory at any given time (please note examiner's interpretation: no mention by Freeny that all manufactured inventory should be eliminated, just that the retailer does not have to have any pre-manufactured inventory other than blank media) (see at least col. 2, line 62 through col. 3, line 3; col. 14, lines 56-68). Freeny, however, does not specifically disclose while practicing the invention of Freeny the article being manufactured prior to the acceptance of the order. The Examiner takes the position that it is old and well known in the art of retailing to provide pre-manufactured items at point-of-sale terminals to increase compulsive sales. One of ordinary skill in the art would ascertain that the invention of Freeny can easily be used by the retailer to pre-manufacture a CD or tape using the same system of Freeny to stock a limited supply of items most commonly requested by consumers prior to consumer

purchase. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system and method of Freeny to pre-manufacture items prior to consumer purchase as taught by ON3, in order to increase sales due to compulsive shoppers.

Freeny and ON3 teach all the above as noted under the 103(a) rejection and teaches a) blank media, blank media having a cost without value added cost, b) manufacturing a retail material object containing component costs and value add costs, and c) manufacturing a material object customized for the individual consumer, but do not disclose specifics on materials planning and production. Rembert teaches material requirements planning (MRP) for distributors, manufacturers, and job shops. Rembert teaches MRP as a technique for determining the net time phased requirement of dependent items parts or sub-assemblies from known or assumed independent demand (e.g. sales orders or sales forecasts) (see at least abstract; Fig. 1(18); Fig. 2; Fig. 3; Fig. 9; col. 1, lines 5-24). Rembert teaches providing a system and method that accommodates a wide variety of product options (many-to-one relationship in order to customize the product) (see at least col. 1, line 24 through col. 2, line 68). Rembert further teaches:

- a receiver unit for receiving an article manufacturing cost and the number of articles manufactured which are inputted; storage: (see at least col. 6, lines 30-51).

- an order-accepting unit for accepting an order by receiving at least identification information of an ordered article and the number of articles: (see at least col. 5, lines 44-64).
- a stock-article calculation unit for calculating the number of articles in stock at a specific time from the number of the manufactured articles stored in said storage unit and the number of ordered articles received by said order-accepting unit: (see at least col. 5, line 66 through col. 6, line 17).
- a stock balance calculation unit for calculating a balance of stock at the specific time based on the calculated number of articles in stock and the manufacturing cost stored in said storage unit, wherein the balance of stock calculated by said stock balance calculation unit does not include at least a consideration corresponding to the added value: (see at least col. 5, line 66 through col. 6, line 17).

Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the method of Freeny and ON3 to implement materials requirements planning for distributors, manufacturers, and job shops as taught by Rembert, in order to accommodate production planning for customized products.

4. **Claims 38, 44, and 47-52 are rejected under 35 USC 103(a) as being unpatentable over Freeny (Paper #20050215m US 4,528,643), in view of Official Notice (regarding old and well-known in the arts, hereinafter**

**referred to as "ON3"), further in view of Official Notice (Paper #20050215, admitted prior art regarding old and well-known, hereinafter referred to as "ON2").**

Freeny and ON3 teach all the above as noted under the 103(a) rejection and teach a) costs associated with selling a manufactured item to a consumer by a retailer at a retail price, b) cost components associated with acquiring digital content by a retailer from a distributor, and c) royalties for content creators as a cost component of the distributor's cost. Freeny and ON3, however, do not specifically disclose margins. The Examiner takes the position that it is old and well known in the art to describe cost relationships of a manufactured item or derive the cost of a manufactured item in terms of component costs, margins, and royalties. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the method of Freeny and ON3 to disclose royalty-cost relationships as taught by ON2, in order to derive retail pricing, and thereby attract retailers to the service.

- 5. Claims 39 and 45 are rejected under 35 USC 103(a) as being unpatentable over Freeny (Paper #20050215, US 4,528,643), ON3 (regarding old and well-known in the arts), and ON2 (Paper #20050215, admitted prior art regarding old and well known), as applied to Claims 38 and 44, further in view of Rembert (Paper #20050215, US 5,101,352).**

Freeny, ON3, and ON2 teach all the above as noted under the 103(a) rejection and teach a) blank media, blank media having a cost without value added cost, b) manufacturing a retail material object containing component costs and value add costs, and c) manufacturing a material object customized for the individual consumer, but do not disclose specifics on materials planning and production. Rembert teaches material requirements planning (MRP) for distributors, manufacturers, and job shops. Rembert teaches MRP as a technique for determining the net time phased requirement of dependent items parts or sub-assemblies from known or assumed independent demand (e.g. sales orders or sales forecasts) (see at least abstract; Fig. 1(18); Fig. 2; Fig. 3; Fig. 9; col. 1, lines 5-24). Rembert teaches providing a system and method that accommodates a wide variety of product options (many-to-one relationship in order to customize the product) (see at least col. 1, line 24 through col. 2, line 68). Rembert further teaches:

- a receiver unit for receiving an article manufacturing cost and the number of articles manufactured which are inputted; storage: (see at least col. 6, lines 30-51).
- an order-accepting unit for accepting an order by receiving at least identification information of an ordered article and the number of articles: (see at least col. 5, lines 44-64).
- a stock-article calculation unit for calculating the number of articles in stock at a specific time from the number of the manufactured articles



stored in said storage unit and the number of ordered articles received by said order-accepting unit: (see at least col. 5, line 66 through col. 6, line 17).

- a stock balance calculation unit for calculating a balance of stock at the specific time based on the calculated number of articles in stock and the manufacturing cost stored in said storage unit, wherein the balance of stock calculated by said stock balance calculation unit does not include at least a consideration corresponding to the added value: (see at least col. 5, line 66 through col. 6, line 17).

Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the method of Freeny, ON3, and ON2 to implement materials requirements planning for distributors, manufacturers, and job shops as taught by Rembert, in order to accommodate production planning for customized products.

### Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Robert M. Pond whose telephone number is 703-605-4253. The examiner can normally be reached on 8:30AM-5:30PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Ms. Wynn Coggins can be reached on 703-308-1344. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Art Unit: 3625

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Robert M. Pond  
Primary Examiner  
October 21, 2005